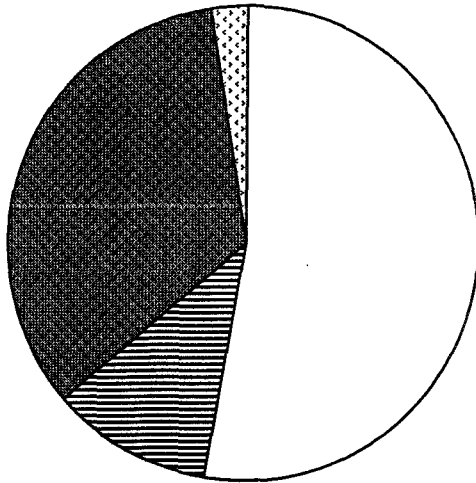


WATER UTILITY SYSTEM CAPITAL PROGRAM

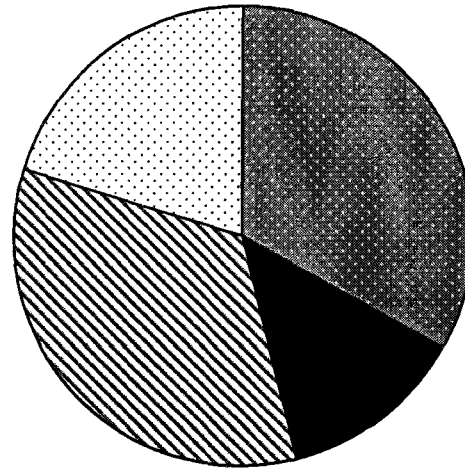
2007-2011 Capital Improvement Program

**2006-2007 Proposed
Source of Funds**



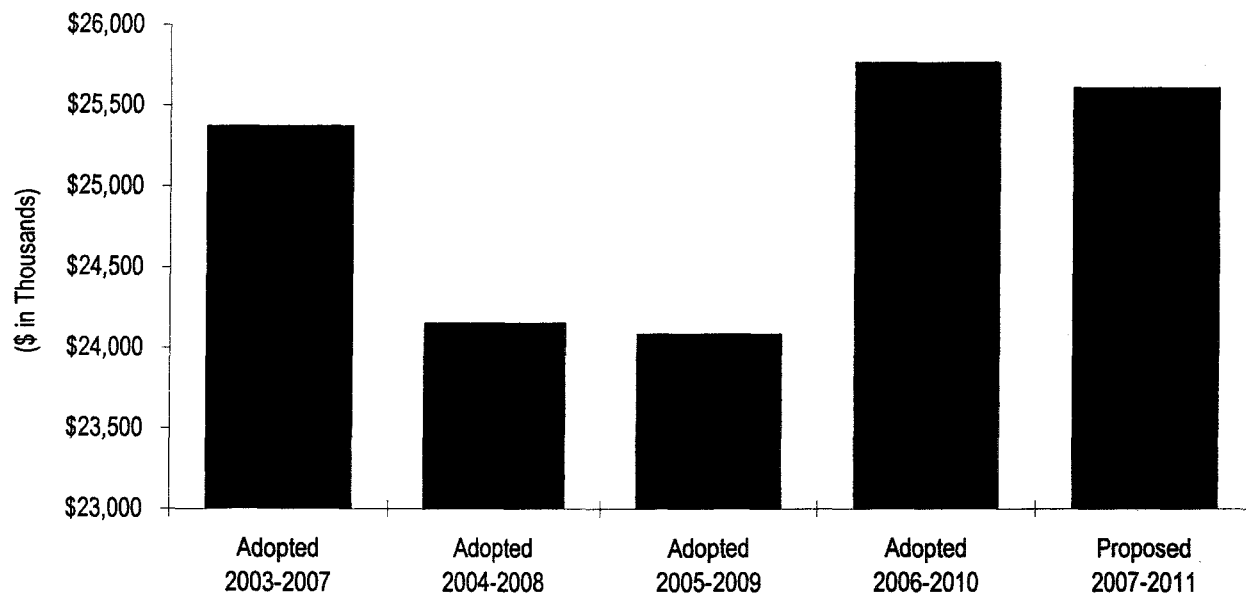
- Beginning Fund Balance
- ▨ Taxes, Fees and Charges
- Loans & Transfers
- ▧ Miscellaneous

**2006-2007 Proposed
Use of Funds**



- Construction
- Non-Construction
- ▨ Reserves
- Ending Fund Balance

CIP History

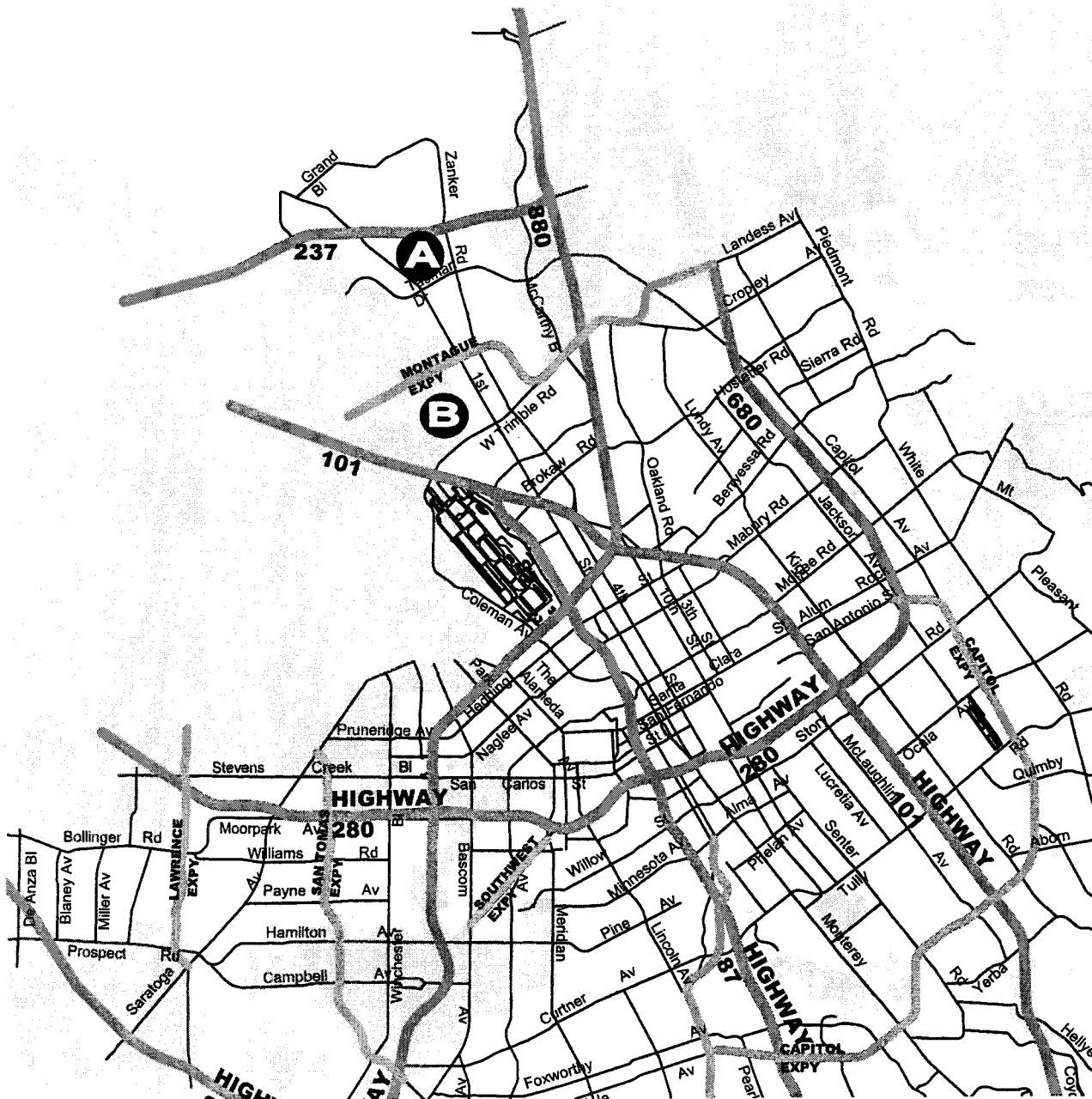


Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

2006-2007 Project Approximate Locations: (North)

- A) Reservoir Seismic Retrofit
- B) Water Valve Rehabilitation



Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Overview

Introduction

The Water Utility System Capital Program is developed to ensure reliable utility infrastructure for the San José Municipal Water System. The San José Municipal Water System provides water utility service, in accordance with State of California Department of Health Services requirements, to areas approved for development by the City Council and within the City's water service area. The program's mission is to provide superior water service at competitive rates. The 2007-2011 Proposed Capital Improvement Program (CIP) provides funding of \$25.6 million, of which \$9.0 million is allocated in 2006-2007.

This program is part of the Environmental and Utility Services City Service Area (CSA) and supports the following outcomes: *Reliable Utility Infrastructure and Safe, Reliable, Sufficient Water Supply.*

Sources of Funding

Revenue for the 2007-2011 Proposed CIP is derived from two sources: transfers from the Consolidated Water Utility Fund to the Water Utility Capital Fund, which primarily generates revenue from water sales in the Evergreen, North San José, Alviso, Edenvale, and Coyote Valley areas (\$14.8 million), and fees (\$5.2 million). Fee revenue from the Major Facilities Fee Fund and the Water Utility Capital Fund consists of Service Connection Fees (\$1.9 million), Advanced System Design Fees (\$1.7 million), Meter Installation Fees (\$925,000) and Major Facilities Fees (\$750,000). All fee revenues are paid to the City by developers. Revenue projections for these sources are consistent with projections in last year's 2006-2010 Adopted CIP.

Over the five years of this Proposed CIP, the funds available for capital improvements are estimated to total \$25.6 million, consisting of \$22.2 million in the Water Utility Capital Fund and \$3.4 million in the Major Facilities Fee Fund. This is a slight decrease of \$200,000 over last year's Adopted CIP. The increase reflects the normal fluctuation in the capital investment level required to maintain the system in good to excellent condition. This year's CIP continues to reflect the annual loan repayment to the Sewage Treatment Plant Connection Fee Fund for a prior year loan associated with costs for the North Coyote Valley Water System. Over the five years, this loan repayment totals \$3.5 million.

Program Priorities and Objectives

Projects are programmed, as funding allows, to provide facilities necessary for new development and to provide the fire flow pressure and volume recommended by the San José Fire Department. Projects in the 2007-2011 Proposed CIP include the construction of new facilities, maintenance of existing infrastructure, and improvements to the Water Utility System facilities. In addition, the Reserve for System Rehabilitation/Replacement project continues accumulating funds for future system needs. Consistent with Ordinance No. 26903 which was approved by Council on May 27, 2003, this reserve of \$1.9 million equals 7% of the consolidated water revenues at the end of the 2007-2011 CIP.

The San José Municipal Water System provides water service to approximately 26,500 customers in five areas within the City of San José: Evergreen, North San José, Alviso, Edenvale, and Coyote. The Evergreen Service Area generally coincides with the boundaries of Council District 8, east of Highway 101. The North San José Service Area is generally north of Trimble Road,

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Overview

Program Priorities and Objectives (Cont'd.)

between the Guadalupe River and Coyote Creek, and is located in Council District 4. The Alviso Service Area includes the area within the corporate limits of the former City of Alviso, also in District 4. The Edenvale Service Area is south of Hellyer Avenue and east of Coyote Creek, in District 8. The Coyote Service Area (District 2) encompasses the area generally south of Tulare Hill, west of Highway 101, and north of Palm Avenue. Overall, the system growth rate was 1.8% in 2004-2005 and the estimated growth rate is 1.5% for 2005-2006. This overall growth rate is anticipated to again be approximately 1.5% in 2006-2007.

Program Highlights

Evergreen Service Area

The Evergreen Service Area contains 87% or 23,162 of the total customers served by the water system. These customers account for 73% of the total water usage in the system. The new residential development rate in Evergreen remained at approximately 2% last year and is expected to decrease to approximately 1.5% for the next two years.

To meet the service needs of new developments in the Evergreen Area, the program continues its policy of requiring developers to construct distribution system improvements such as pipelines, service connections, and fire hydrants. Reservoirs and pump stations, and other large facilities, are either constructed by developers or funded from the Major Facilities Fee Fund revenues and are constructed by the Municipal Water System, as funds are available. Construction and reconstruction of projects for

existing customers are funded from water sale revenue.

Projects scheduled in 2006-2007 in the Evergreen Service Area include Reservoir Seismic Retrofit (\$100,000), which is the last year of a five-year, \$305,000 program retrofitting existing reservoirs with flexible pipeline connections, Forestwood Drive Main Replacement, design of the Norwood Pump Station Replacement, Villa Vista Reservoir Rehabilitation, the second year of a Water Valve Rehabilitation project, and other miscellaneous improvements to better protect the system during a seismic event.

North San José and Alviso Service Areas

The City is a party with 29 other suburban agencies to the Master Contract Agreement (MCA) with the City of San Francisco for water supplied by the Hetch-Hetchy system that will expire June 30, 2009. Under the Interim Water Shortage Allocation Plan developed by the parties to the MCA and approved by the City Council in April of 2001, the City is now a *non-interruptible* customer for the balance of the term of the MCA. Under this plan, in the event of a drought, the Municipal Water System would receive an average of 2.65 million gallons of Hetch-Hetchy water per day. This represents a 39% reduction from current deliveries, but is essentially the same quantity of water the system is entitled to receive at minimum under the current MCA. The City has four wells in North San José that could provide backup supply in the event Hetch-Hetchy deliveries are reduced.

The North San José/Alviso area experienced considerable industrial and commercial growth in the last several years and this trend is expected to continue, although at a lower rate. In addition to

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Overview

Program Highlights (Cont'd.)

North San José and Alviso Service Areas (Cont'd.)

this trend, a rise in residential growth is now expected.

One project, a Water Valve Rehabilitation project, is scheduled in the North San José and Alviso service areas.

Edenvale Service Area

This industrial section of San José is within the expanded Edenvale Redevelopment Project area. Basic water facilities for domestic supply and fire protection for the area north of Silver Creek Valley Road include three wells and a reservoir.

Coyote Service Area

City funding for developer constructed water facilities in the primarily industrial North Coyote Valley Service Area was provided in accordance with the Master Development Agreement. A loan from the Sewage Treatment Plant Connection Fee Fund provided the initial funding for the North Coyote Valley Water System project. The repayment of the loan is programmed to continue in 2006-2007.

Major Changes from the 2006-2010 Adopted CIP

Major changes from the 2006-2010 Adopted CIP include the following:

- Additional funding in the amount of \$850,000 to fund the Castleton Drive Main Replacement project.

- New funding in the amount of \$1 million to fund the Forestwood Drive Main Replacement project.

Operating Budget Impact

There are no additional maintenance and operating costs associated with the projects in the 2007-2011 Proposed CIP.

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Source of Funds

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SOURCE OF FUNDS	Estimated 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	5-Year Total
<u>Water Utility Capital Fund</u>							
Beginning Fund Balance	2,787,061	2,516,095	768,995	808,895	873,795	1,092,695	2,516,095 *
Taxes, Fees & Charges:							
<u>Water Utility Fees</u>							
- Advance System Design Fees	310,000	320,000	330,000	340,000	350,000	360,000	1,700,000
- Meter Installation Fees	150,000	150,000	175,000	200,000	200,000	200,000	925,000
- Service Connection Fees	340,000	350,000	360,000	370,000	380,000	390,000	1,850,000
Contributions, Loans and Transfers from:							
<u>Special Funds</u>							
- Transfer from Water Utility Fund	2,901,000	3,042,000	2,611,000	2,498,000	3,626,000	3,000,000	14,777,000
Interest Income	77,000	112,000	83,000	86,000	89,000	98,000	468,000
Reserve for Encumbrances	740,034						
Total Water Utility Capital Fund	7,305,095	6,490,095	4,327,995	4,302,895	5,518,795	5,140,695	22,236,095 *
<u>Major Facilities Fund</u>							
Beginning Fund Balance	3,198,252	2,206,303	1,046,303	915,303	803,303	1,011,303	2,206,303 *
Taxes, Fees & Charges:							
<u>Major Water Facilities Fees</u>	150,000	150,000	150,000	150,000	150,000	150,000	750,000
Interest Income	92,000	105,000	84,000	78,000	73,000	79,000	419,000
Reserve for Encumbrances	1,210,051						
Total Major Facilities Fund	4,650,303	2,461,303	1,280,303	1,143,303	1,026,303	1,240,303	3,375,303 *
TOTAL SOURCE OF FUNDS	11,955,398	8,951,398	5,608,298	5,446,198	6,545,098	6,380,998	25,611,398 *

* The 2007-2008 through 2010-2011 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Use of Funds

<u>USE OF FUNDS</u>	<u>Estimated 2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>5-Year Total</u>
<u>Construction Projects</u>							
Bon Bon Drive Main Replacement						65,000	65,000
Castleton Drive Main Replacement					65,000	835,000	900,000
Edenvale Well #13 Rehabilitation	1,000						
Edenvale Well #4	922,000						
Gold Street Main Relocation	354,000						
Montague Turnout						325,000	325,000
Nortech Parkway East Loop Main			100,000	650,000			750,000
North Coyote Valley Water System	175,000						
North San José Well Site Improvements	180,000						
Remington Drive Main Replacement	472,000						
Taffy Drive Main Replacement	238,000						
1. Forestwood Drive Main Replacement		965,000	35,000				1,000,000
2. Infrastructure Improvements	404,000	400,000	420,000	440,000	460,000	480,000	2,200,000
3. Meter Installations	347,000	300,000	300,000	320,000	320,000	320,000	1,560,000
4. North First Street Parallel Main	1,062,000			200,000	1,450,000	25,000	1,675,000
5. Norwood Pump Station Replacement		50,000	750,000	50,000			850,000
6. Reservoir Seismic Retrofit	130,000	100,000					100,000
7. Security Improvements	162,000	150,000					150,000
8. Service Installations	487,000	350,000	360,000	370,000	380,000	390,000	1,850,000
9. System Maintenance/Repairs	508,000	430,000	450,000	470,000	490,000	510,000	2,350,000
10. Villa Vista Reservoir Rehabilitation		40,000	210,000				250,000

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	5-Year Total
<u>Construction Projects</u>							
11. Water Valve Rehabilitation	175,000	175,000					175,000
Total Construction Projects	5,617,000	2,960,000	2,625,000	2,500,000	3,165,000	2,950,000	14,200,000
<u>Non-Construction</u>							
General Non-Construction							
Budget Office Capital Program Staff	17,000						
CIP Action Team	3,000						
CIP Database Enhancement	4,000						
Evergreen Hydraulic Model	200,000						
Information Technology Staff	17,000						
Major Water Facility Fee Update	80,000						
Water Management System Enhancements	117,000						
12. Advance System Design	310,000	320,000	330,000	340,000	350,000	360,000	1,700,000
13. Major Facilities Fee Administration	15,000	15,000	15,000	15,000	15,000	15,000	75,000
14. Master Plan Engineering	60,000	60,000	70,000	75,000	80,000	85,000	370,000
15. Network System Flow Improvements	51,000	25,000	15,000	5,000	6,000	6,000	57,000
16. Preliminary Engineering	42,000	45,000	48,000	51,000	55,000	60,000	259,000
Total General Non-Construction	916,000	465,000	478,000	486,000	506,000	526,000	2,461,000
Contributions, Loans and Transfers to Special Funds							
City Hall Debt Service Fund		4,100	4,100	4,100	4,100	4,100	20,500
17. Loan Repayment to Sewage Treatment Plant Connection Fee Fund	700,000	700,000	700,000	700,000	700,000	700,000	3,500,000
Total Contributions, Loans and	700,000	704,100	704,100	704,100	704,100	704,100	3,520,500

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	5-Year Total
<u>Non-Construction</u>							
Contributions, Loans and Transfers to Special Funds							
Transfers to Special Funds							
Reserves							
18. Reserve for System Growth Related Projects		1,400,000					1,400,000
19. Reserve for System Rehabilitation/Replacement		1,607,000	77,000	79,000	66,000	105,000	1,934,000
Total Reserves		3,007,000	77,000	79,000	66,000	105,000	3,334,000
Total Non-Construction	1,616,000	4,176,100	1,259,100	1,269,100	1,276,100	1,335,100	9,315,500
Ending Fund Balance	4,722,398	1,815,298	1,724,198	1,677,098	2,103,998	2,095,898	2,095,898*
TOTAL USE OF FUNDS	11,955,398	8,951,398	5,608,298	5,446,198	6,545,098	6,380,998	25,611,398*

* The 2006-2007 through 2009-2010 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of same funds.

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
2006-2007 Use of Funds by Funding Source

	(500) Water Utility Capital Fund	(502) Major Facilities Fund	Total
TOTAL RESOURCES	6,490,095	2,461,303	8,951,398
<u>Construction Projects</u>			
1. Forestwood Drive Main Replacement	965,000		965,000
2. Infrastructure Improvements	400,000		400,000
3. Meter Installations	300,000		300,000
5. Norwood Pump Station Replacement	50,000		50,000
6. Reservoir Seismic Retrofit	100,000		100,000
7. Security Improvements	150,000		150,000
8. Service Installations	350,000		350,000
9. System Maintenance/Repairs	430,000		430,000
10. Villa Vista Reservoir Rehabilitation	40,000		40,000
11. Water Valve Rehabilitation	175,000		175,000
Total Construction Projects	2,960,000		2,960,000
<u>Non-Construction</u>			
General Non-Construction			
12. Advance System Design	320,000		320,000
13. Major Facilities Fee Administration		15,000	15,000
14. Master Plan Engineering	60,000		60,000
15. Network System Flow Improvements	25,000		25,000
16. Preliminary Engineering	45,000		45,000
Total General Non-Construction	450,000	15,000	465,000
Contributions, Loans and Transfers to			
City Hall Debt Service Fund	4,100		4,100
17. Loan Repayment to Sewage Treatment Plant Connection Fee Fund	700,000		700,000

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
2006-2007 Use of Funds by Funding Source

	(500) Water Utility Capital Fund	(502) Major Facilities Fund	Total
<u>Non-Construction</u>			
Contributions, Loans and Transfers to			
Total Contributions, Loans and Transfers to	704,100		704,100
Reserves			
18. Reserve for System Growth Related Projects		1,400,000	1,400,000
19. Reserve for System Rehabilitation/Replacement	1,607,000		1,607,000
Total Reserves	1,607,000	1,400,000	3,007,000
Total Non-Construction	2,761,100	1,415,000	4,176,100
Ending Fund Balance	768,995	1,046,303	1,815,298
TOTAL USE OF FUNDS	6,490,095	2,461,303	8,951,398

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

1. Forestwood Drive Main Replacement

CSA: Environmental and Utility Services **Initial Start Date:** 3rd Qtr. 2006
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** 3rd Qtr. 2007
Council District: 8 **Revised Completion Date:**
Location: Cadwallader Av. to 300 feet north of Apricot Lane

Description: This project includes the replacement and relocation of approximately 2,250 of 8-inch asbestos cement water main with 8-inch ductile iron pipe.

Justification: The water line is reaching the end of its useful life. Due to the high frequency of water leaks on this main, the pipeline is being relocated out of the parkstrip area to preserve older street trees.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Design				65					65	65
Construction				900	35				935	935
TOTAL				965	35				1,000	1,000

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund				965	35				1,000	1,000
TOTAL				965	35				1,000	1,000

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2006-2007	Redevelopment Area:	N/A
Initial Project Budget:	\$1,000,000	SNI Area:	N/A
Appn. #:			

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

2. Infrastructure Improvements

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This project will replace and/or refurbish pumps, motors, valves, electrical control mechanisms, generators, and water mains that are nearing the end of their useful lives. Selection and scope of each year's project will be based on previous year's maintenance needs.

Justification: Mechanical equipment requires replacement at the end of its service life.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Construction		404	404	400	420	440	460	480	2,200	
TOTAL		404	404	400	420	440	460	480	2,200	

FUNDING SOURCE SCHEDULE (000'S)										
	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Water Utility Capital Fund		404	404	400	420	440	460	480	2,200	
TOTAL		404	404	400	420	440	460	480	2,200	

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5366		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

3. Meter Installations

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This allocation provides funds to purchase, test, and install water meters for new developments and customers.

Justification: This annual project is needed to provide service to new customers.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year Project Total
Construction		347	347	300	300	320	320	320	1,560	
TOTAL		347	347	300	300	320	320	320	1,560	
FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund		347	347	300	300	320	320	320	1,560	
TOTAL		347	347	300	300	320	320	320	1,560	
ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4347		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

4. North First Street Parallel Main

CSA: Environmental and Utility Services **Initial Start Date:** 3rd Qtr. 2008
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** 2nd Qtr. 2010
Council District: 4 **Revised Completion Date:**
Location: North First Street from Montague Expressway to River Oaks Drive

Description: The entire project will be constructed in four segments of approximately 5,000 feet each. The current phase, Phase II, includes the construction of a 12-inch diameter water main on the east side of North First Street, parallel to the existing 18-inch techite main and will be completed in 2nd Qtr. 2006. Phase III will extend 5,000 feet on North First Street from Baypoint Drive to Lamplighter Way and will be completed in 2010. Phase IV will be brought forward in a future CIP and the budget will be established at that time.

Justification: The existing techite water main has proven to be unreliable.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year Project Total
Design	39	14	14			200			200	253
Construction	798	1,048	1,048				1,450	25	1,475	3,321
TOTAL	837	1,062	1,062			200	1,450	25	1,675	3,574
FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund						200	1,450	25	1,675	1,675
Major Facilities Fund	837	1,062	1,062							1,899
TOTAL	837	1,062	1,062			200	1,450	25	1,675	3,574
ANNUAL OPERATING BUDGET IMPACT (000'S)										

None

Major Changes in Project Cost:

1999-2003 CIP - increase of \$2.7 million to reflect scope changes to include additional phases.
 2006-2010 CIP - decrease of \$38,000 to reflect updated project costs.

Notes:

The Initial Start/End dates reflect Phase III of the four phase project. Funding programmed in 2005-2006 reflects completion and close-out costs for Phase II.

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:	\$900,000	SNI Area:	N/A
Appn. #:	6072		

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

5. Norwood Pump Station Replacement

CSA:	Environmental and Utility Services	Initial Start Date: 3rd Qtr. 2006
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:
Department:	Environmental Services	Initial Completion Date: 2nd Qtr. 2008
Council District:	8	Revised Completion Date:
Location:	Norwood Avenue	

Description: This project consists of the replacement and upgrade of an existing pump station that will have reached the end of its useful life.

Justification: To ensure the efficient operation of the water system, pump stations must be replaced at the end of their useful life. The redesign will improve operating efficiency and system operations.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year Project Total
Design				50	85				135	135
Bid & Award					5				5	5
Construction					660	50			710	710
TOTAL				50	750	50			850	850

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund				50	450	50			550	550
Major Facilities Fund					300				300	300
TOTAL				50	750	50			850	850

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2006-2007	Redevelopment Area:	N/A
Initial Project Budget:	\$850,000	SNI Area:	N/A
Appn. #:			

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

6. Reservoir Seismic Retrofit

CSA: Environmental and Utility Services **Initial Start Date:** Multi-phase
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** Multi-phase
Council District: 2, 4, 7, 8 **Revised Completion Date:**
Location: System-wide

Description: This project will retrofit existing reservoirs with flexible pipeline connections and other miscellaneous improvements to better protect the system during seismic events.

Justification: Seismic events can cause reservoirs to move relative to system piping. Flexible couplings are needed to protect both the reservoir and system piping from damage.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year Project Total
Design	49	25	25	20					20	94
Construction	26	105	105	80					80	211
TOTAL	75	130	130	100					100	305
FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund	75	130	130	100					100	305
TOTAL	75	130	130	100					100	305
ANNUAL OPERATING BUDGET IMPACT (000'S)										

None

Major Changes in Project Cost:

2005-2009 CIP - decrease of \$100,000 to reflect revised cost estimates and anticipated project savings.

2006-2010 CIP - decrease of \$93,000 to reflect revised cost estimates and anticipated project savings.

Notes:

This project consists of multiple smaller projects.

FY Initiated: 2000-2001 **Redevelopment Area:** N/A
Initial Project Budget: \$500,000 **SNI Area:** N/A
Appn. #: 6731

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

7. Security Improvements

CSA:	Environmental and Utility Services	Initial Start Date: 3rd Qtr. 2004
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:
	Safe, Reliable, and Sufficient Water Supply	Initial Completion Date: 2nd Qtr. 2007
Department:	Environmental Services	Revised Completion Date:
Council District:	2, 4, 7, 8	
Location:	System-wide	

Description: This project includes the installation of additional security equipment at various system facilities.

Justification: This project is necessary due to changes in federal requirements regarding water system security.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Design	8	15	15	15					15	38
Construction	116	147	147	135					135	398
TOTAL	124	162	162	150					150	436

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund	124	162	162	150					150	436
TOTAL	124	162	162	150					150	436

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2004-2005	Redevelopment Area:	N/A
Initial Project Budget:	\$450,000	SNI Area:	N/A
Appn. #:	4299		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

8. Service Installations

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This project provides funding for the installation of connections between water mains and meters, and the extension of existing water mains.

Justification: As development proceeds in the City, connections between water mains and meters are required to service new customers.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Construction		487	487	350	360	370	380	390	1,850	
TOTAL		487	487	350	360	370	380	390	1,850	

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund		487	487	350	360	370	380	390	1,850	
TOTAL		487	487	350	360	370	380	390	1,850	

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4348		

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

9. System Maintenance/Repairs

CSA: Environmental and Utility Services **Initial Start Date:** Ongoing
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** Ongoing
Council District: 2, 4, 7, 8 **Revised Completion Date:**
Location: System-wide

Description: This project funds emergency and miscellaneous repairs in the distribution system.

Justification: The distribution system requires repairs as a result of line breakage or valve malfunction. This project will provide for repairs to avoid property damage and restore service promptly.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Construction		508	508	430	450	470	490	510	2,350	
TOTAL		508	508	430	450	470	490	510	2,350	

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund		508	508	430	450	470	490	510	2,350	
TOTAL		508	508	430	450	470	490	510	2,350	

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated: Ongoing **Redevelopment Area:** N/A
Initial Project Budget: **SNI Area:** N/A
Appn. #: 5876

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

10. Villa Vista Reservoir Rehabilitation

CSA: Environmental and Utility Services **Initial Start Date:** 3rd Qtr. 2006
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** 1st Qtr. 2008
Council District: 8 **Revised Completion Date:**
Location: Villa Vista Road, 450 feet south of Yerba Buena Road
Description: This project rehabilitates a 300,000 gallon steel reservoir serving portions of the Evergreen service area.
Justification: The existing reservoir protective coating has severely deteriorated and requires rehabilitation to prevent premature replacement of the reservoir.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Design				40					40		40
Bid & Award					5				5		5
Construction					205				205		205
TOTAL				40	210				250		250

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund				40	210				250		250
TOTAL				40	210				250		250

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated: 2006-2007 **Redevelopment Area:** N/A
Initial Project Budget: \$250,000 **SNI Area:** N/A
Appn. #:

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

11. Water Valve Rehabilitation

CSA:	Environmental and Utility Services	Initial Start Date: 3rd Qtr. 2005
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:
Department:	Environmental Services	Initial Completion Date: 3rd Qtr. 2006
Council District:	2, 4, 7, 8	Revised Completion Date: 3rd Qtr. 2007
Location:	System-wide	

Description: This project will locate and exercise all water valves in the field, plot their location, and replace malfunctioning valves.

Justification: Valves must be exercised periodically to insure functionality in case of emergency.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Design		35	25	10					10		35
Construction		215	150	165					165		315
TOTAL		250	175	175					175		350
FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		250	175	175					175		350
TOTAL		250	175	175					175		350
ANNUAL OPERATING BUDGET IMPACT (000'S)											

None

Major Changes in Project Cost:

2007-2011 CIP - increase of \$100,000 to reflect scope changes.

Notes:

FY Initiated:	2005-2006	Redevelopment Area:	N/A
Initial Project Budget:	\$250,000	SNI Area:	N/A
Appn. #:	5167		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

12. Advance System Design

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This allocation funds the design, engineering, and inspection for new developments connecting to the Water Utility System.

Justification: This annual allocation is necessary to accommodate ongoing development and the expenditures are reimbursed by developers.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total

Advanced Planning		310	310	320	330	340	350	360	1,700		
TOTAL		310	310	320	330	340	350	360	1,700		

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund		310	310	320	330	340	350	360	1,700		
TOTAL		310	310	320	330	340	350	360	1,700		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4346		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

13. Major Facilities Fee Administration

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This project provides funding to administer the Major Facilities Fund. The Major Facilities Fund receives fees associated with the connection and operation of municipal water activities for major water facilities constructed in the North San José, Evergreen, Alviso, Edenvale, and Coyote Valley areas.

Justification: A small allocation is required to administer the Major Facilities Fund.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Program Management		15	15	15	15	15	15	15	75	
TOTAL		15	15	15	15	15	15	15	75	

FUNDING SOURCE SCHEDULE (000'S)										
Major Facilities Fund		15	15	15	15	15	15	15	75	
TOTAL		15	15	15	15	15	15	15	75	

ANNUAL OPERATING BUDGET IMPACT (000'S)										
None										

Major Changes in Project Cost:
N/A

Notes:
Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5369		

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

14. Master Plan Engineering

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This ongoing allocation is used to update the Water System Master Plan based on anticipated development and customer consumption data.

Justification: This project is needed to update system-wide plans.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Master Plan/Study		60	60	60	70	75	80	85	370	
TOTAL		60	60	60	70	75	80	85	370	
FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund		60	60	60	70	75	80	85	370	
TOTAL		60	60	60	70	75	80	85	370	
ANNUAL OPERATING BUDGET IMPACT (000'S)										

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4349		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

15. Network System Flow Improvements

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: Computer analysis of the water distribution system is used to determine available flow at the fire hydrants. Modeling of the system's reservoirs, pump stations, and distribution facilities is done using the University of Kentucky's water system analysis software.

Justification: This project identifies water mains for network flow improvements on an ongoing basis. This information is used to schedule replacement of existing facilities, or construct new facilities that will upgrade pressure and volume for flow during maximum demand.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Advanced Planning		51	51	25	15	5	6	6	57	
TOTAL		51	51	25	15	5	6	6	57	

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund		51	51	25	15	5	6	6	57	
TOTAL		51	51	25	15	5	6	6	57	

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:
N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4350		

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

16. Preliminary Engineering

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This project provides funds for project development in early stages of planning.

Justification: This project facilitates cost-effective planning of the Muncipal Water System infrastructure.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Advanced Planning		42	42	45	48	51	55	60	259	
TOTAL		42	42	45	48	51	55	60	259	

FUNDING SOURCE SCHEDULE (000'S)										
Water Utility Capital Fund		42	42	45	48	51	55	60	259	
TOTAL		42	42	45	48	51	55	60	259	

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4952		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

17. Loan Repayment to Sewage Treatment Plant Connection Fee Fund

CSA:	Environmental and Utility Services	Initial Start Date: 3rd Qtr. 2004
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:
	Safe, Reliable, and Sufficient Water Supply	Initial Completion Date: 3rd Qtr. 2013
Department:	Environmental Services	Revised Completion Date:
Council District:	N/A	
Location:	N/A	
 Description:	 This allocation funds the repayment of a Sewage Treatment Plant Connection Fee Fund loan used for construction of water system facilities in the Coyote Valley pursuant to the Master Development Agreement.	
 Justification:	 Repayment of the loan, needed to fund improvements in the Coyote Valley, is necessary per loan agreements.	

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Transfer to Other Fund	700	700	700	700	700	700	700	700	3,500	1,750	6,650
TOTAL	700	700	700	700	700	700	700	700	3,500	1,750	6,650

FUNDING SOURCE SCHEDULE (000'S)											
Water Utility Capital Fund	700	700	700	700	700	700	700	700	3,500	1,750	6,650
TOTAL	700	700	700	700	700	700	700	700	3,500	1,750	6,650

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:
None

Notes:

Interest rate for the loan is set at the City's pooled investment rate. Payment schedule assumes annual payments of \$700,000 and a pooled interest rate of 2.7% on the unpaid balance for the life of the loan.

FY Initiated:	2004-2005	Redevelopment Area:	N/A
Initial Project Budget:	\$6,650,000	SNI Area:	N/A
Appn. #:	0100		

Water Utility System Capital Program

2007-2011 Proposed Capital Improvement Program

Detail of Capital Projects

18. Reserve for System Growth Related Projects

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This reserve sets aside funds for acquisition of property and the construction of facilities to accommodate future system growth and development.

Justification: With new growth and development, additional land and water facilities, such as pump stations and reservoirs, will be necessary to expand the system.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year
Reserve		1,400		1,400					1,400	
TOTAL		1,400		1,400					1,400	

FUNDING SOURCE SCHEDULE (000'S)										
Major Facilities Fund		1,400		1,400					1,400	
TOTAL		1,400		1,400					1,400	

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2002-2003	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	7892		

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Detail of Capital Projects

19. Reserve for System Rehabilitation/Replacement

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	2, 4, 7, 8	Revised Completion Date:	
Location:	System-wide		

Description: This reserve sets aside funds for rehabilitation and/or replacement of existing facilities.

Justification: Existing facilities, such as pipelines, pump stations and reservoirs, will eventually need replacement or rehabilitation. This reserve allows funds to accumulate for this purpose consistent with Ordinance No. 26903.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2005-06 Appn.	2005-06 Estimate	2006-07	2007-08	2008-09	2009-10	2010-11	5-Year Total	Beyond 5-Year	Project Total
Reserve		1,539		1,607	77	79	66	105	1,934		1,934
TOTAL		1,539		1,607	77	79	66	105	1,934		1,934

FUNDING SOURCE SCHEDULE (000'S)

Water Utility Capital Fund		1,539		1,607	77	79	66	105	1,934		1,934
TOTAL		1,539		1,607	77	79	66	105	1,934		1,934

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	7011		

Water Utility System Capital Program
2007-2011 Proposed Capital Improvement Program
Summary of Projects that Start after 2006-2007

Project Name: Bon Bon Drive Main Replacement	Council District: 8
5-Year CIP Budget: \$65,000	Estimated Start Date: 3rd Qtr. 2010
Total Budget: \$1,000,000	Estimated End Date: 3rd Qtr. 2012

Description: This project includes the replacement and relocation of approximately 1,650 feet of 8-inch steel water main.

Project Name: Castleton Drive Main Replacement	Council District: 8
5-Year CIP Budget: \$900,000	Estimated Start Date: 3rd Qtr. 2010
Total Budget: \$900,000	Estimated End Date: 2nd Qtr. 2012

Description: This project replaces and relocates an existing water main on Castleton Drive.

Project Name: Montague Turnout	Council District: 4
5-Year CIP Budget: \$325,000	Estimated Start Date: 3rd Qtr. 2010
Total Budget: \$5,925,000	Estimated End Date: 1st Qtr. 2014

Description: This project involves the construction of a new turnout and transmission main from the Santa Clara Valley Water District (SCVWD) Milpitas Pipeline. This project will add system reliability and decrease dependence on San Francisco Water Department's Hetch Hetchy system in the North San José service area.

Project Name: Nortech Parkway East Loop Main	Council District: 4
5-Year CIP Budget: \$750,000	Estimated Start Date: 3rd Qtr. 2007
Total Budget: \$750,000	Estimated End Date: 2nd Qtr. 2009

Description: This project constructs approximately 1,000 feet of water main connecting the east end of the Nortech Parkway water main with Holger Way water main.